



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

JULY 13, 1999



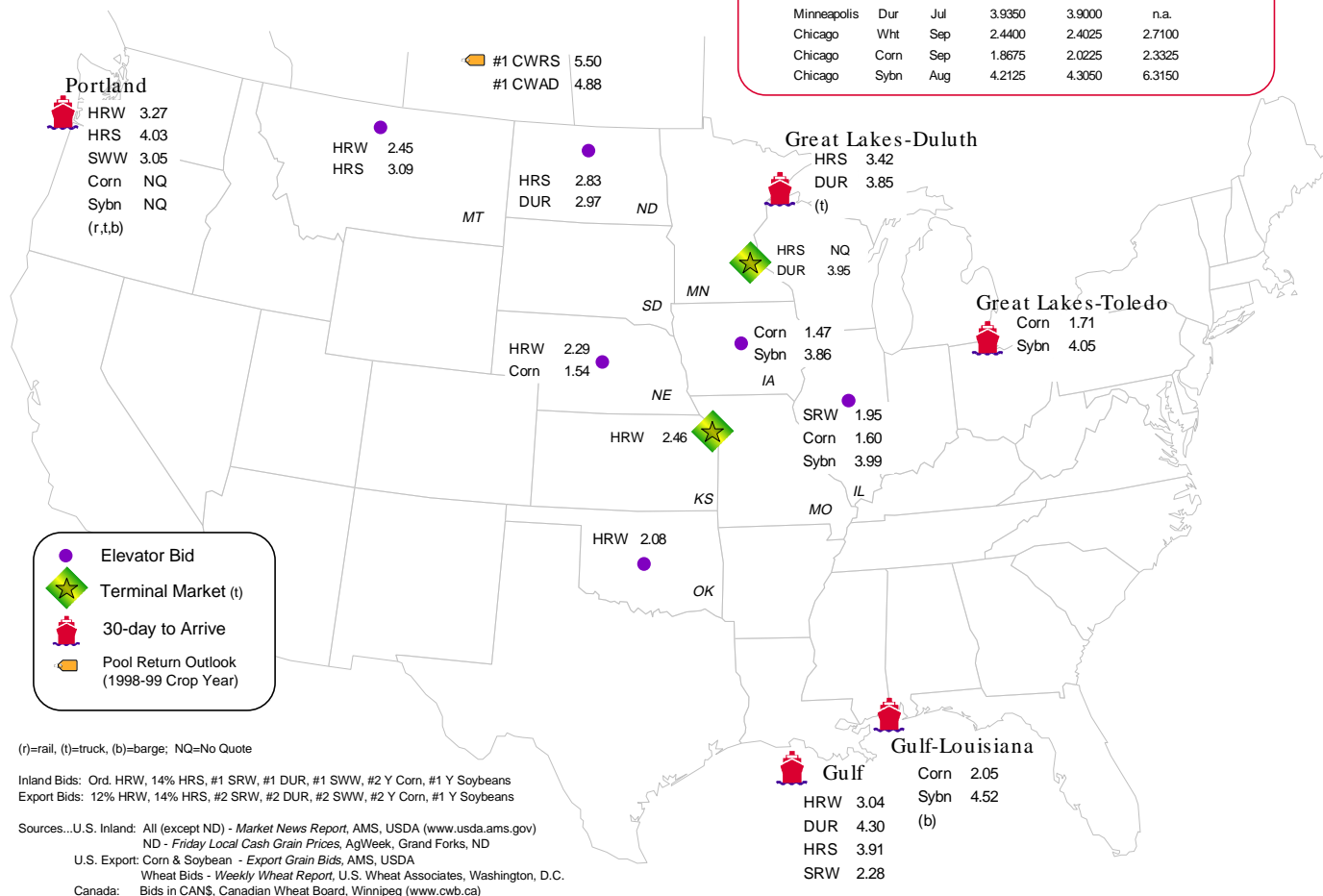
Cargill-Continental Approved With Strict Conditions. The United States Justice Department gave its conditional approval last week to Cargill's purchase of Continental Grain Co.'s grain division. The cost to Cargill, however, went over the buying price, as the Justice Department attached several conditions, which the Wayzata, MN-based company would have to meet before calling the Continental operation its own. Continental, one of the largest grain companies in the United States, is exceeded by Cargill, which, in addition to being the largest grain company, is also reportedly the largest privately owned business in the U.S., with total 1998 revenues reportedly as high as \$51.4 billion. The antitrust conditions imposed by the Justice Department were meant to keep Cargill from controlling 35 percent of the U.S. export grain market and maintain a competitive environment in the vital export areas of the Pacific Northwest, central California, the Texas Gulf and areas along the Illinois River, where Cargill and Archer Daniels Midland Co. would have otherwise dominated the grain trade. The issue of market dominance along the Illinois River would have particular significance in terms of storage space when, beginning in the year 2000, corn and soybeans may be delivered against Chicago Board of Trade futures contracts along the Illinois River. More specifically, the Justice Department will require that Cargill sell four of Continental's export elevators, located in Seattle, WA, Beaumont, TX, Stockton, CA, and Chicago, IL; four river elevators in East Dubuque, IL, Morris, IL, Lockport, IL, and Caruthersville, MO; and a rail terminal in Troy, OH. According to the agreement, it will also be necessary for Cargill to allow an independent grain company to use one-third of the loading capacity at its Havana, IL, river elevator. Cargill will also be prohibited from acquiring the Birds Point, MO, river elevator and the Salina, KS, rail terminal facility, the latter of which was formerly operated by Continental. In addition, an agreement by Cargill to sell the Seattle port elevator to an independent company will require Cargill to restrict its level of monthly throughput for this facility. Despite the strict conditions imposed by U.S. regulators, there still remained strong differences of opinion among lawmakers, as well as among industry members, concerning the degree of consolidation and the level of competitiveness in the industry. Cargill plans to complete the Continental acquisition by the end of July. However, a comment period will be allowed for producers and the public prior to completion. You may find more information on this matter at Cargill's website at <http://www.cargill.com/index.html>. (*Reuters 7/8, AP 7/8, 7/9, Knight-Ridder 7/9, USDA*)

Condition Of Farm Economy Leads Some Groups To Action. Struggling with the income- depressing combination of low prices, storage limitations, and another year of abundant harvest, at least for some areas, producers have recently begun to voice their frustrations with current farm policy. The "National Day of Protest," organized by a Montana-based group, involved farmer protests along the Canadian border in Montana, North Dakota, Idaho, and Washington State recently. Grain and livestock farmers rallied against what they viewed as the domination of large agriculture businesses and the demise of family-owned farms, as well as the risks this may pose to the U.S. food supply. "The Freedom to Farm Act that we have in place now is simply driving people off the land," stated one protestor. To show that the protest was not against imports, Canadian farmers were invited to join in the rally, which was intended to raise awareness of the entire production system. "The Canadians are hurting as bad as we are," stated one participant. Meanwhile, a group of Louisiana farmers demanded a return to parity pricing, which would base prices on those received during the period of 1910-1914, adjusted for today's production cost. "We need parity pricing to get our economy in balance," stated Fred Huenefeld, a Louisiana farmer, adding that these demands are supported by the U.S. Constitution. Randy Chapman, another Louisiana producer, regarding risk management, stated "We're trying as hard as we can, but we need all the support we can get." The Economic Policy Institute (EPI), a nonprofit, nonpartisan economic group, agreed that the 1996 farm deregulation has been detrimental to many farmers. "It has transferred substantial risks to farmers with no visible benefits," according to EPI economist Robert Scott. Representative Collin Peterson (D-MN), said that bad trade agreements are to blame, as the U.S. promotes free trade but allows the European community to provide farmers with large subsidies. Finally, meeting in Washington this week, Farm Bureau presidents from across the Nation will discuss a short-term emergency plan with congressional delegations, intended to address current farm problems. In addition to financial assistance, other issues to be discussed as part of the Farm Bureau's AgRecovery Action Plan include "reform of U.S.-imposed trade sanctions, streamlining of export regulations and compensation for lost markets, adoption of normal trade regulations with China, competitive funding for export programs..., contingency funding for disaster relief for 1999 crops, and expansion of the Conservation Reserve Program to the maximum legal acreage." (*Reuters 7/9, Knight-Ridder 7/11, 7/12, AP 7/10*)

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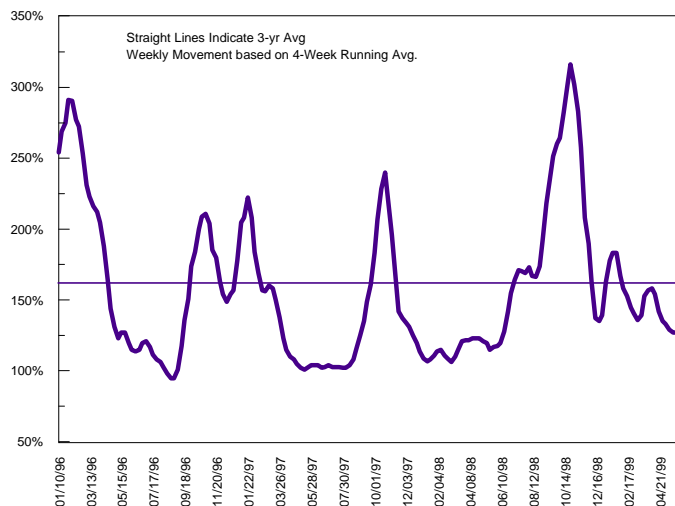
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Grain Bid Summary

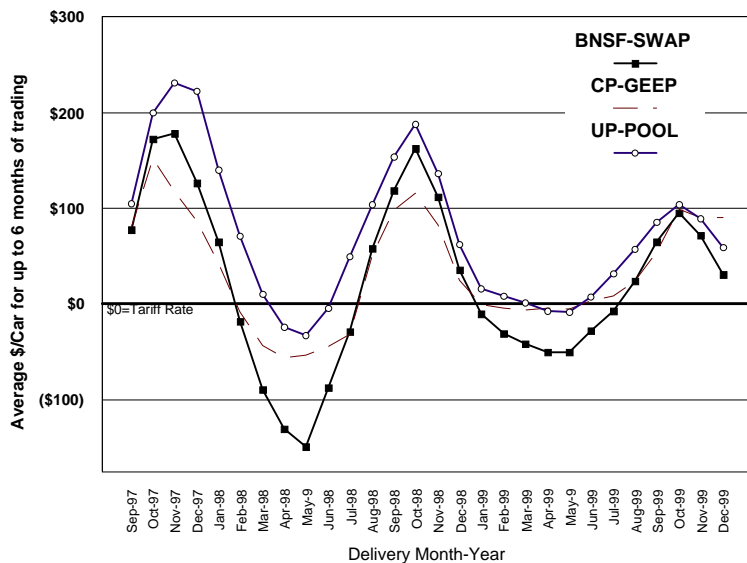


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Aug-99		Oct-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	9,450	90%	12,175	49%
UP-GCAS	5,400	46%		
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jul-99	Sep-99	Oct-99	Nov-99
BNSF-GF	\$(41)	\$35	\$60	\$48
CP-GEEP	\$12	\$55		
UP-Pool	\$(1)	\$62	\$72	\$54

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Aug-99	Sep-99	Oct-99
COT/N. Grain	no bid	no bid	\$54
COT/S. Grain	no bid	\$2	\$11
GCAS/Region 2	no bid	\$3	no offer
GCAS/Region 4	\$2	\$1	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
7/9/99	Illinois River	twk/nwk	200
		Aug.	215
	Mid Miss	nwk	205
		Aug.	220
	Ohio River	nwk	150
	Twin Cities	nwk	230
	OTCT	Sept.	225

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

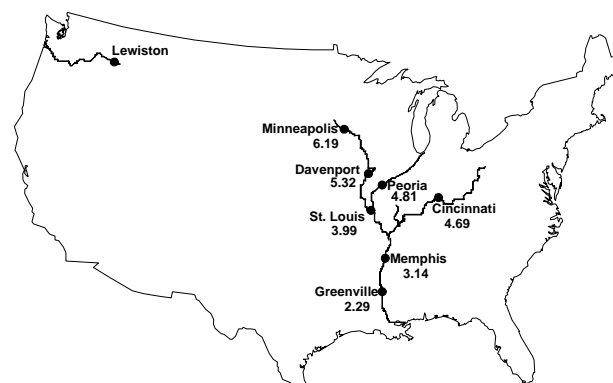
twk=this week

nwk=next week

OTCT=Osceola (Ark) Thru Cairo Terms

Southbound Barge Freight Spot Rates

	7/7/99	6/30/99	Aug '99	Oct. '99
Twin Cities	238	223	252	310
Mid-Mississippi	206	192	221	287
Illinois River	207	189	217	282
St. Louis-Cairo	157	133	185	257
Lower Ohio	155	135	196	285
Cairo-Memphis	148	127	184	256

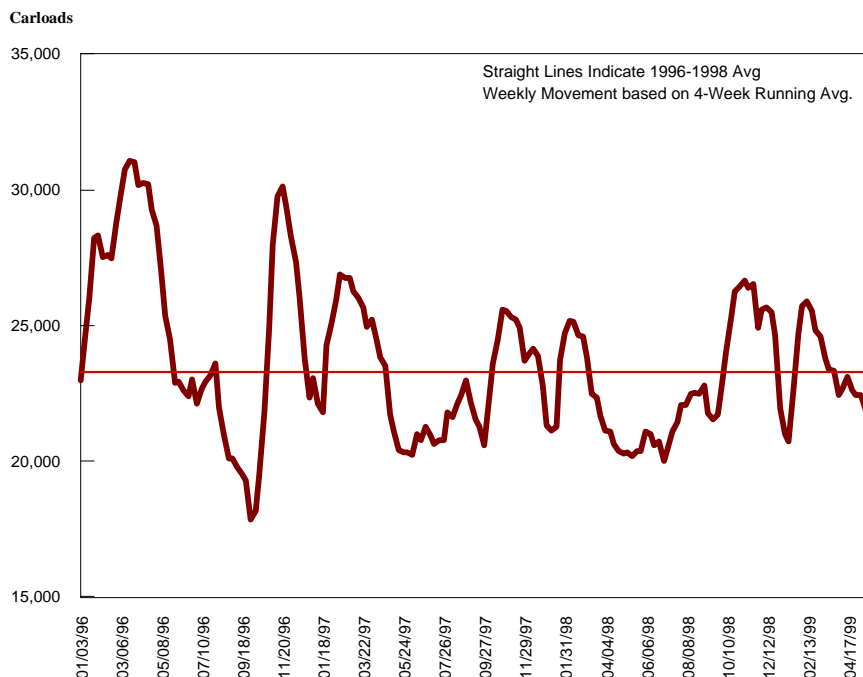
Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
6/19/99	23,051
6/26/99	22,971
7/3/99	23,106
Year to Date - 1999	607,258
Year to Date - 1998**	570,045
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>				<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
07/03/99	0	2,204	1,921	2,870	8,605	475	7,031	2,091	5,166
This Week Last Year	765	1,822	1,716	2,399	7,078	462	5,003	1,347	3,738
1999 YTD	15,522	64,002	41,772	68,480	205,226	18,682	193,574	54,908	92,838
1998 YTD*	17,596	62,185	38,110	65,892	206,751	16,553	162,958	61,281	106,107
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

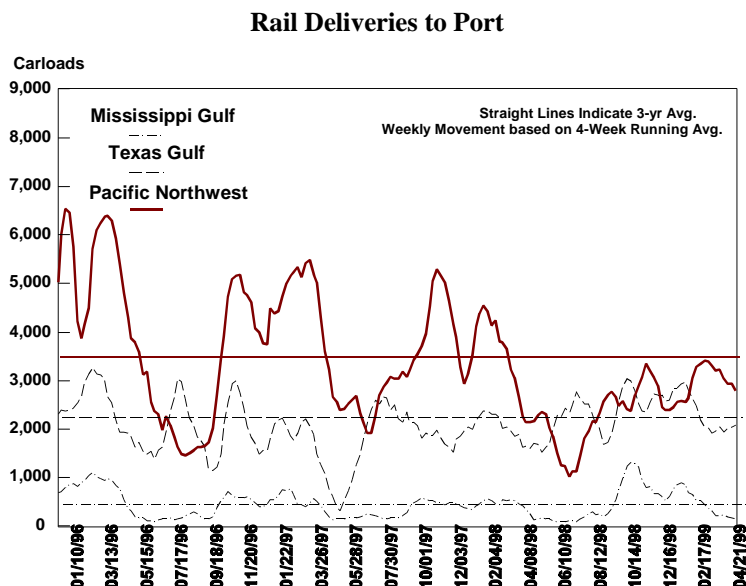
July 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
07/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
07/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
07/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
07/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
07/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
07/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
07/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
07/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
07/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$36.71	\$1.00
07/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$33.40	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

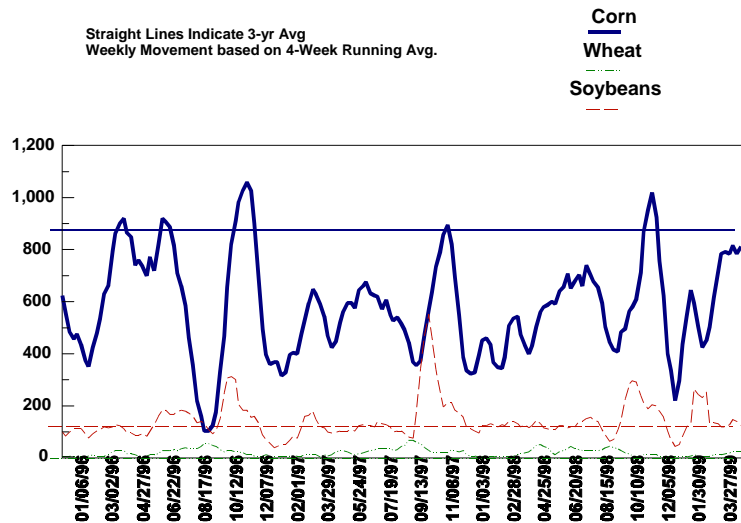
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
05/26/99	169	2,470	3,095	242
06/02/99	191	2,916	2,134	57
06/09/99	265	3,087	2,225	3
06/16/99	335	2,769	1,944	5
06/23/99	64*	2,297*	2,525*	4
06/30/99	391	1,995	2,544	15
YTD 1999	10,614	62,774	72,736	7,148
YTD 1998	9,125	51,788	77,049	6,089
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				



*Note: Corrected data.

Barge Movements - Locks 27

1,000 Tons



Barge Grain Movements

for week ending 07/03/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	514	39	37	592
Winfield, MO (L25)	670	39	121	831
Alton, IL (L26)	830	25	164	1,021
Granite City, IL (L27)	811	20	152	985
Illinois River (L8)	192	2	56	250
Ohio (L52)	n/a	n/a	n/a	n/a
Arkansas (L1)	0	44	0	44
1999 YTD	18,197	1,234	3,761	24,779
1998 YTD	13,379	1,022	3,805	19,858
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
07/01/99	1,306	295	856	463	156	3,076	8,136	2,113	13,325
This Week Year Ago	1,922	195	928	604	237	3,886	6,358	1,529	11,773
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	1,049	255	383	194	81	1,961	40,288	19,959	62,208
97/98 YTD	876	198	536	209	50	1,869	30,546	17,713	50,128
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
07/08/99	125	152	0	222	587	180	125	0	0
1999 YTD	5,309	4,734	409	3,454	17,956	7,097	4,229	436	680
1998 YTD *	4,743	3,128	402	2,585	13,691	7,529	3,250	201	580
% of Last Year	49%	108%	63%	68%	57%	48%	58%	78%	49%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

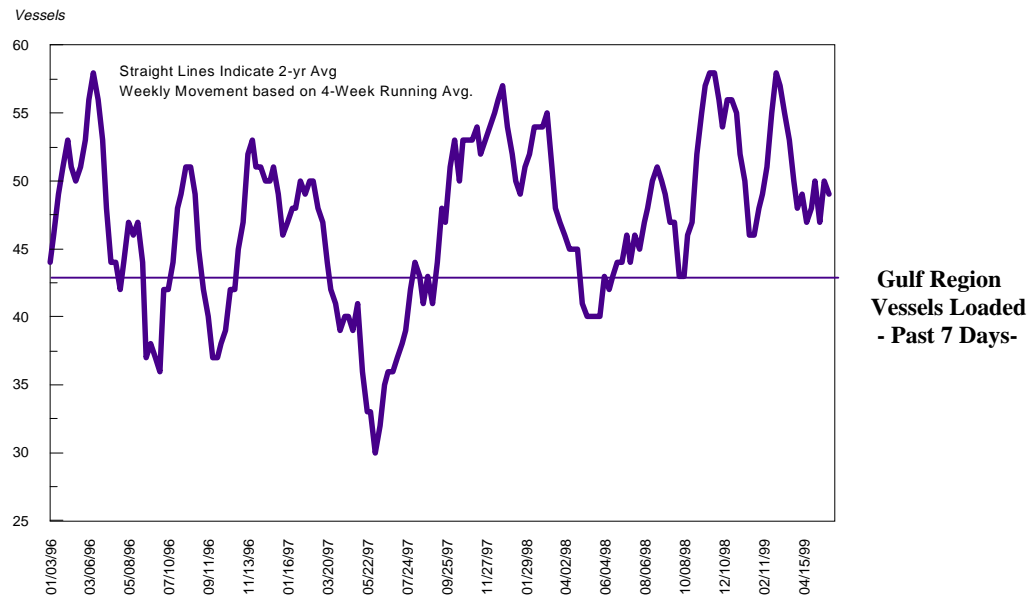
Source: Federal Grain Inspection Service * YTD-Year-to-Date ('98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

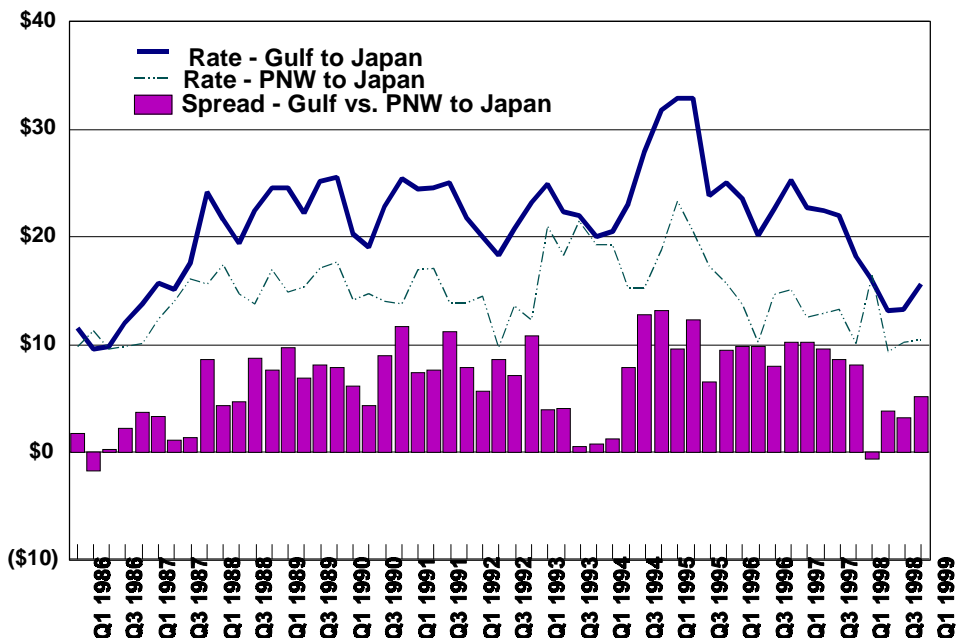
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 07/8/99			
Vancouver	4,870	1,002	392
Prince Rupert	1,228	6	0
Prairie Direct	993	540	339
Thunder Bay	628	220	237
St. Lawrence	1,824	1,579	0
1999YTD Exports	9,543	3,347	967
1998 YTD Exports	14,771	3,960	2,140
% of Last Year	65%	85%	45%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
07/01/99	33	50	59	10			3	14	2
07/08/99	36	46	58	11			5	7	2
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 1 st Qtr	1998 1 st Qtr	% Change		1999 1 st Qtr	1998 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$15.62	\$18.24	-14%	Japan	\$10.41	\$10.08	3%
Mexico	\$14.22	\$12.15	17%	Red Sea/ Arabian Sea	\$45.81		
Venezuela	\$11.33	\$11.13	2%				
N. Europe	\$12.16	\$9.85	23%	Argentina to			
N. Africa	\$17.12	\$14.65	17%	N. Europe	\$14.55	\$12.32	18%
				Japan	\$21.35	\$20.93	2%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 07/10/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
St. Lawrence	Black Sea	Heavy Grain	July	45,000	\$13.00
Norfolk	Estonia	Wheat	Spot	50,000	\$35.35 (MT)
Gulf	Taiwan	Heavy Grain	July/Aug	54,000	\$16.00-16.40
Gulf	Malaysia	Heavy Grain	July	40,000	\$15.50
Gulf	Turkey	Corn	Prompt	36,000	\$11.65
Gulf	S. Korea	Heavy Grain	July	50,000	\$15.75
Gulf	Japan	Heavy Grain	July/Aug	54,000	\$16.00-16.10
Brazil	Lisbon/Hamburg	Heavy Grain	July	50,000	\$11.30
River Plate	China	Heavy Grain	July	40,000	\$22.00
No. France	Shanghai	Rapeseed	July	50,000	\$15.65

Source: Maritime Research Inc.